

# **FISCAL NOTE**

## **SB 308 - HB 546**

February 12, 2005

**SUMMARY OF BILL:** Exempts blood glucose monitors and test strips for blood glucose monitors from state and local sales tax.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - \$1,000,000**

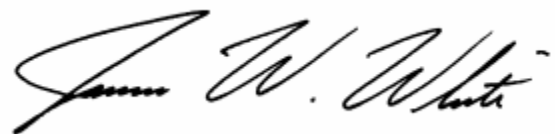
**Decrease Local Govt. Revenues - \$329,000**

#### Assumptions:

- U.S. sales for glucose monitors and test strips in 2002 were \$252,800,000 and \$1,132,600,000 respectively.
- Annual sales growth for these items is estimated at 8%.
- Adjusted 2005 sales for glucose monitors and test strips estimated at \$318,460,000 and \$1,426,800,000 respectively.
- Tennessee accounts for approximately 2% of national market.
- Estimated 2005 sales for glucose monitors and test strips in Tennessee are \$6,370,000 and \$28,535,000 respectively.
- Blood glucose monitors are considered durable medical equipment under the streamlined sales tax rules.
- Durable medical equipment for home use will become exempt from sales tax on July 1, 2005 under the streamlined tax rules, leaving about 5% of sales affected by this bill.
- 50% of test strips are currently exempt under TennCare/Medicare rules, leaving 50% of sales affected by this bill.
- Estimated decrease in state revenues is \$1,020,000.
- Estimated decrease in local revenues is \$329,000.
- Local option sales tax rate of 2.25%.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director